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*Attorney for Plaintiff*

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UNITED STATES DISTRICT COURT  
DISTRICT OF NEW JERSEY

CRAIG M. ROSE, Individually and  
on Behalf of All Others Similarly  
Situated,

Plaintiff,

v.

BUTTERFLY NETWORK, INC.  
F/K/A LONGVIEW ACQUISITION  
CORP., TODD M.  
FRUCHTERMAN, STEPHANIE  
FIELDING, JONATHAN M.  
ROTHBERG, JOHN RODIN,  
LARRY ROBBINS, MARK  
HOROWITZ, WESTLEY MOORE,  
DEREK CRIBBS, and RANDY  
SIMPSON,

Defendants.

Case No.

CLASS ACTION COMPLAINT

JURY TRIAL DEMANDED

Plaintiff Craig M. Rose (“Plaintiff”), individually and on behalf of all others similarly situated, alleges the following based upon information and belief as to the

investigation conducted by Plaintiff's counsel, which included, among other things, a review of United States ("U.S.") Securities and Exchange Commission ("SEC") filings by Butterfly Network, Inc. ("Butterfly" or the "Company") f/k/a Longview Acquisition Corp. ("Longview") and securities analyst reports, press releases, and other public statements issued by, or about, the Company. Plaintiff believes that substantial, additional evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.

### **NATURE OF THE ACTION**

1. This is a federal securities class action on behalf of a class consisting of (a) all persons or entities that purchased or otherwise acquired Butterfly securities between February 16, 2021 and November 15, 2021, both dates inclusive (the "Class Period"), and/or (b) all holders of Butterfly common stock as of the record date for the special meeting of shareholders held on February 12, 2021 to consider approval of the merger between Longview and Butterfly (the "Merger") and entitled to vote on the Merger (the "Class"); seeking to recover damages caused by Defendants' violations of the federal securities laws and to pursue remedies under Sections 10(b), 14(a), and 20(a) of the Securities Exchange Act of 1934 (the "Exchange Act") and Rules 10b-5 and 14a-9 promulgated thereunder, against Defendants, and arising from the materially false or misleading statements or omissions issued during the

Class Period and in the proxy statement issued in connection with the Merger (the “Proxy”).

2. Longview was a special purpose acquisition company (“SPAC”) formed for the purpose of effecting a merger, capital stock exchange, asset acquisition, stock purchase, reorganization, or similar business combination with one or more businesses.

3. Butterfly, a digital health company, develops, manufactures, and commercializes ultrasound imaging solutions in the United States and internationally. The Company offers Butterfly iQ, a handheld and single-probe whole body ultrasound system; and Butterfly iQ+, a point-of-care ultrasound imaging device that connects with a smart phone or tablet.

4. Between late 2019 and early 2020, a novel strain of the coronavirus disease, commonly referred to as COVID-19, became an ongoing global pandemic, with the outbreak first identified in Wuhan, China, in December 2019. The virus quickly spread to other countries, including the U.S., prompting state, federal, and private parties to enact various health and safety measures to halt the spread of the disease, which has since claimed millions of lives.

5. On November 20, 2020, almost one year into the ongoing COVID-19 pandemic, Butterfly issued a press release announcing that it had entered into a merger agreement with Longview. On the basis of the defective Proxy, on February

12, 2021, Longview shareholders voted to approve the Merger at a special shareholder meeting. Following the consummation of the Merger on February 16, 2021, Longview changed its name to “Butterfly Network, Inc.” and Butterfly stock began trading on the New York Stock Exchange (“NYSE”).

6. The Proxy was negligently prepared and, as a result, contained untrue statements of material fact or omitted to state other facts necessary to make the statements made not misleading and were not prepared in accordance with the rules and regulations governing its preparation. Additionally, throughout the Class Period, Defendants made materially false and misleading statements regarding the Company’s business, operations, and compliance policies. Specifically, the Proxy and Defendants made false and/or misleading statements and/or failed to disclose that: (i) Butterfly had overstated its post-Merger business and financial prospects; (ii) notwithstanding the ongoing COVID-19 pandemic, Butterfly’s financial projections failed to take into account the pandemic’s broad consequences, which included healthcare logistical challenges, and medical personnel fatigue; (iii) accordingly, Butterfly’s gross margin levels and revenue projections were less sustainable than the Company had represented; (iv) all the foregoing was reasonably likely to have a material negative impact on Butterfly’s business and financial condition; and (v) as a result, the Company’s public statements were materially false and misleading at all relevant times.

7. On November 15, 2021, Butterfly announced its financial results for the third quarter of 2021. In a press release, Butterfly advised, among other things, that the Company's total gross margin for the quarter was negative 35% and that the Company expected its revenue for 2021 to be \$60 million to \$62 million this year, significantly below the guidance it gave out in Q1 of \$76 million to \$80 million. That same day, on an earnings call with investors and analysts to discuss the Company's financial results for the third quarter, Butterfly's CEO, Todd Fruchterman ("Fruchterman"), stated that the Company's results were impacted by "healthcare logistical challenges, and doctor, nurse, and medical technician fatigue concurrent with COVID conditions and its broad consequences."

8. On this news, Butterfly's stock price fell \$1.08 per share, or 12.55%, to close at \$7.52 per share on November 15, 2021.

9. Subsequent to, and due to, the closing of the Merger, the price of Butterfly common stock declined precipitously as the truth about Butterfly and the Proxy's false and misleading nature were revealed over time.

10. As a result of Defendants' wrongful acts and omissions, and the precipitous decline in the market value of the Company's securities, Plaintiff and other Class members have suffered significant losses and damages.

## **JURISDICTION AND VENUE**

11. The claims asserted herein arise under Sections 10(b), 14(a), and 20(a) of the Exchange Act (15 U.S.C. §§ 78j(b), 78n(a), and 78t(a)), SEC Rules 10b-5 and 14a-9 promulgated thereunder (17 C.F.R. §§ 240.10b-5, 240.14a-9), and 28 U.S.C. § 1331. This Court has jurisdiction over the subject matter of this action under Section 27 of the Exchange Act (15 U.S.C. § 78aa) and 28 U.S.C. § 1331, because this is a civil action arising under the laws of the U.S.

12. Venue is proper in this Judicial District under Section 27 of the Exchange Act (15 U.S.C. § 78aa and 28 U.S.C. § 1391(b)-(d)). Pursuant to Butterfly's most recently filed quarterly report, as of November 1, 2021, there were 170,830,161 shares of the Company's Class A common stock and 26,426,937 shares of the Company's Class B common stock outstanding. Butterfly's securities trade on the NYSE. Accordingly, there are presumably hundreds, if not thousands, of investors in Butterfly securities, some of whom undoubtedly reside in this Judicial District.

13. In connection with the acts alleged in this complaint, Defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including, without limitation, the U.S. mail, interstate telephone and other electronic communications, and the facilities of the NYSE, a national securities exchange.

## **PARTIES**

14. Plaintiff acquired Butterfly securities at artificially inflated prices during the Class Period and/or held Butterfly common stock as of the January 15, 2021 record date and was entitled to vote on the Merger at the February 12, 2021 special meeting of shareholders. Plaintiff has suffered damages due to Defendants' violations of the Exchange Act alleged herein.

15. Defendant Butterfly is a digital health company with headquarters in Guilford, Connecticut. Butterfly common stock and warrants are traded publicly on the NYSE under the ticker symbols "BFLY" and "BFLYWT," respectively. Prior to the Merger, Butterfly was named "Longview Acquisition Corp.," and its stock, warrants, and ownership units were traded publicly on the NYSE under the ticker symbols "LGVW.U," "LGVW," and "LGVW WT," respectively.

16. Defendant Fruchterman has served as Butterfly's President and Chief Executive Officer ("CEO") since the Merger. Defendant Fruchterman also serves as a director of the Company.

17. Defendant Stephanie Fielding ("Fielding") has served as Butterfly's Chief Financial Officer ("CFO") since the Merger.

18. Defendant Jonathan M. Rothberg ("Rothberg") is Butterfly's Founder and has served as its Chairman at all relevant times.

19. Defendant John Rodin (“Rodin”) was the CEO of Longview at the time of the Merger.

20. Defendant Mark Horowitz (“Horowitz”) was the CFO of Longview at the time of the Merger.

21. Defendant Westley Moore (“Moore”) was a director of Longview at the time of the Merger

22. Defendant Derek Cribbs (“Cribbs”) was a director of Longview at the time of the Merger.

23. Defendant Randy Simpson (“Simpson”) was a director of Longview at the time of the Merger.

24. Defendants Fruchterman, Fielding, Rothberg, Rodin, Horowitz, Moore, Cribbs, and Simpson are collectively referred to herein as the “Individual Defendants.” Because of the Individual Defendants’ management positions with respect to Longview and/or Butterfly they each had authority over the information contained in the Proxy.

## **SUBSTANTIVE ALLEGATIONS**

### **Background**

25. Longview was a SPAC formed for the purpose of effecting a merger, capital stock exchange, asset acquisition, stock purchase, reorganization, or similar business combination with one or more businesses.



26. Butterfly, a digital health company, develops, manufactures, and commercializes ultrasound imaging solutions in the United States and internationally. The Company offers Butterfly iQ, a handheld and single-probe whole body ultrasound system; and Butterfly iQ+, a point-of-care ultrasound imaging device that connects with a smart phone or tablet.

27. Between late 2019 and early 2020, a novel strain of the coronavirus disease, commonly referred to as COVID-19, became an ongoing global pandemic, with the outbreak first identified in Wuhan, China, in December 2019. The virus quickly spread to other countries, including the U.S., prompting state, federal, and private parties to enact various health and safety measures to halt the spread of the disease, which has since claimed millions of lives.

28. On November 20, 2020, almost one year into the ongoing COVID-19 pandemic, Butterfly issued a press release announcing that it had entered into a merger agreement with Longview. On the basis of the defective Proxy, on February 12, 2021, Longview shareholders voted to approve the Merger at a special shareholder meeting. Following the consummation of the Merger on February 16, 2021, Longview changed its name to “Butterfly Network, Inc.” and Butterfly stock began trading on the NYSE.

**Materially False and Misleading Statements and Omissions Issued in the  
Proxy Statement for the Merger**

29. In providing an overview of the Company's business, the Proxy stated, relevant part:

We sold and shipped approximately 12,900 devices in the year ended December 31, 2019, and approximately 12,500 devices in the nine months ended September 30, 2020, an increase from approximately 7,900 devices in the nine months ended September 30, 2019, representing a growth rate of approximately 58% period over period. We generated total revenue of \$27.6 million and \$1.5 million in the years ended December 31, 2019 and 2018, respectively, and \$30.6 million and \$16.8 million for the nine months ended September 30, 2020 and 2019. We also incurred net losses of \$99.7 million for the years ended December 31, 2019 and \$139.8 million in the nine months ended September 30, 2020.

30. Further, in describing the Company's competitive strengths, the Proxy stated, in relevant part:

- ***Strong Topline Growth, with Subscription-based Recurring Revenue to Enable Long-Term Expansion in Gross Margin.*** Since our commercial launch of our Butterfly iQ device in 2018, we have experienced strong topline growth. Our total revenue for the nine months ended September 30, 2020 and 2019 was \$30.6 million and \$16.8 million, respectively, representing an increase of \$13.8 million, or 82.1%. Our total revenue for the years ended December 31, 2019 and 2018 was \$27.6 million and \$1.5 million, respectively, representing an increase of \$26.1 million. We continue to seek to grow our user base of Butterfly iQ practitioners and our enterprise sales to health systems to help us further penetrate the global ultrasound market. During the nine months ended September 30, 2020, our product revenue represented approximately 84.0% of our total revenue for the period, and our subscription revenue represented the remaining 16.0% of our total revenue for the period. As our devices continue to be adopted by more healthcare practitioners and

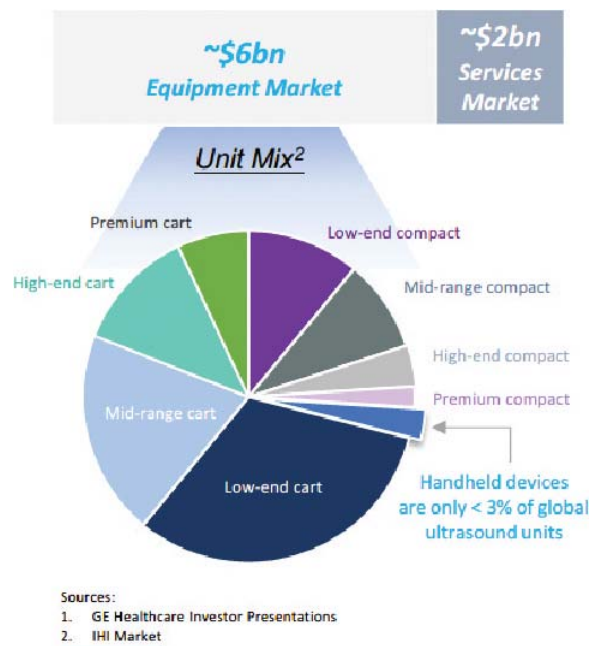
practitioners in the Butterfly network continue to use our devices, we expect total subscription revenue to increase and that our subscription revenue will become an increasingly important contributor to our overall revenue. Because the cost and associated expenses to maintain our software are less than the costs and associated expenses of manufacturing and selling our device, we also anticipate an improvement in our gross margin over time. Additionally, we believe that the recurring nature of subscription revenue should be subject to less period-to-period fluctuation than our product revenue. Because our AI-backed software enables interoperability, mobility, and ease-of-use for scanning, we have been able to execute software-only sales deals with enterprise customers, and we expect to continue to do so in the future. This further reduces fluctuation of our revenue and continues to improve our margin. Finally, as we continue to enhance our product to become the primary platform for point-of-care ultrasound, we expect that add-on features and platform-associated accessories will generate additional revenue at minimal cost, continuing to create margin improvement, while increasing growth. Furthermore, applications and techniques developed on our platform by users through SDK will generate additional revenue and enhancement at minimal cost to our business.

31. In addition, in describing the Company's industry and marketing opportunity, the Proxy stated, in relevant part:

Medical imaging has existed for over 100 years with the purpose of effectively diagnosing and treating patients. The global ultrasound market has historically consisted of the legacy cart-based incumbents and more recently developed point-of-care / handheld devices. Built using expensive piezoelectric crystal technology, these legacy systems limit wider access and usage due to high upfront costs. Legacy cart-based incumbent devices that are used in traditional hospital systems have a mid-range price point of \$45,000 to \$60,000 per new system, in addition to burdensome maintenance or service contracts. These devices are often siloed within hospitals and health systems requiring referrals and coordination between different departments, and extensive training for the personnel that operate them, limiting utilization of these

devices. Limited IT integration and interoperability capabilities have resulted in image archives that are difficult to move between systems, presenting yet another barrier to care coordination and optimization. The point-of-care / handheld competitors are less expensive than legacy cart-based systems, with price points ranging from \$5,000 to \$7,000 per probe, generally requiring two to three probes to cover a comparable range of cleared indications to the single probe Butterfly iQ+. Historically, these competitive point-of-care / handheld competitors lack the AI capabilities that the Butterfly iQ+ provides healthcare practitioners and are less core focal points of large capital equipment focused sales forces, which creates a unique opportunity for Butterfly to not only disrupt and take care in the existing market, but create and be the leader in new markets.

Between these legacy cart-based incumbent devices and the point-of-care / handheld competitors, the global ultrasound market in 2017 was valued at approximately \$8 billion, consisting of \$6 billion in equipment and \$2 billion in services. This market is currently limited to traditional scan settings in developed markets, such as hospitals, niche doctor offices, and imaging centers. Per IHI Markit data, less than 3% of global ultrasound units are handheld devices. General Electric, Phillips, Canon Medical Systems (f/k/a Toshiba), Hitachi and Siemens Healthineers are the top five incumbent ultrasound players.

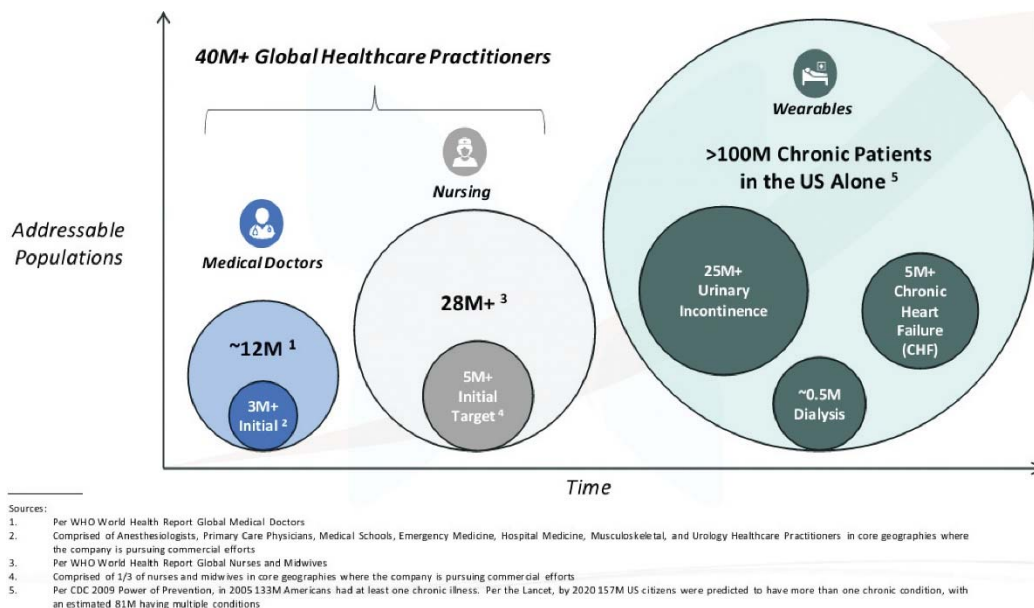


Through development of our proprietary technology, Butterfly is the first company to successfully put ultrasound on a semiconductor chip and connect it to an iPhone, tablet or Android for ease-of-use. This has allowed us to create a solution that has the potential to disrupt the current ultrasound market and significantly expand the total addressable market beyond its current limitations. Butterfly iQ+ takes a small form factor, allowing the user to transport the device anywhere. Butterfly iQ+'s price through our eCommerce website is \$1,999 per device and when factoring in an illustrative single-user software subscription license over a three year period is estimated to be less than \$3 per day, which enables a material return on investment for healthcare practitioners given common pre-existing CPT codes ranging from \$20-150. Finally, Butterfly's software harnesses AI designed to drive ease-of-use for image acquisition, improve analysis, guide and educate healthcare practitioners, and provide quality control. Butterfly iQ is designed to be intuitive and greatly reduces the amount of training needed for operation, thereby expanding the ultrasound user base to non-experts, and eventually to patients directly, subject to clearance of at-home uses by the appropriate regulatory authorities. We believe the mobility, affordability, and ease-of-use characteristics of the device will empower users to operate the Butterfly iQ device outside traditional scan settings, such as pre-hospital environments, urgent care clinics, long-term care and rehabilitation centers, dialysis centers, ambulatory surgery centers, veterinary clinics, and potentially, the home, all in both developed and emerging markets. We believe that the Butterfly iQ can greatly increase accessibility to medical imaging and enable the development of new ultrasound markets with expanded users (practitioners and patients) and scan settings globally that are uncommon or nonexistent today.

By increasing accessibility to medical technology outside of traditional settings, Butterfly iQ has the potential to significantly expand the current total addressable market for medical imaging. We believe there is strong interest from healthcare practitioners to utilize handheld ultrasound devices in their day-to-day work, as primary care practitioners represent our largest group of users. We believe the Butterfly iQ device has the potential to reach up to 40 million global healthcare practitioners, across both developed and emerging markets. Of the approximately 40 million global healthcare practitioners, we view a subset of approximately eight million as our initial target market,

which is comprised of approximately three million medical doctors across anesthesiology, primary care, medical education, emergency medicine, hospital medicine, musculoskeletal, and urology, as well as approximately five million nurses, defined as one-third of the nurses and midwives, all within our core geographies of North America, Asia, Europe and Latin America. Beyond this initial market, we believe there are approximately nine million additional medical doctors (12 million total) and approximately 23 million additional nurses (approximately 28 million total) that would benefit from use of handheld ultrasound devices.

Furthermore, as patient-focused, value-based care delivery models continue to scale, we believe handheld ultrasound devices will find a potential market with at-home medical personnel and, subject to appropriate marketing authorizations, with patients directly.



32. Finally, in describing the Company's financial highlights, the Proxy stated, in relevant part:

Our revenue was \$30.6 million and \$16.8 million for the nine months ended September 30, 2020 and 2019, respectively, representing a period-over-period increase of 81.6%, primarily resulting from increased volume of product and subscriptions sold, driven by

increased sales and marketing investments. Our revenue was \$27.6 million and \$1.5 million for the years ended December 31, 2019 and 2018, respectively representing a period-over-period increase of 1707.5%, as we commercialized the Butterfly iQ AI-enhanced personal ultrasound solution only in the fourth quarter of 2018.

We incurred net loss of \$139.8 million and \$59.5 million for the nine months ended September 30, 2020 and 2019, respectively, representing a period-over-period increase of 135.1%, primarily due to higher cost of sales from losses on purchase commitments of \$64.0 million and inventory write-downs of \$6.9 million. In addition, we continue to invest in scaling up our business and have increased our spending in research and development, sales and marketing and general and administrative costs. We incurred net loss of \$99.7 million and \$50.8 million for the years ended December 31, 2019 and 2018, respectively, representing a period-over-period increase of 96.4%, primarily due to increased spending in research and development, sales and marketing and general and administrative costs to support revenue growth.

33. The statements referenced in ¶¶ 29-32 were materially false and misleading because Defendants made false and/or misleading statements, as well as failed to disclose material adverse facts about the Company's business, operations, and prospects. Additionally, the Proxy omitted and/or misrepresented the material information set forth below in contravention of Sections 14(a) and 20(a) of the Exchange Act and SEC Rule 14a-9. Specifically, the Proxy and Defendants made false and/or misleading statements and/or failed to disclose that: (i) Butterfly had overstated its post-Merger business and financial prospects; (ii) notwithstanding the ongoing COVID-19 pandemic, Butterfly's financial projections failed to take into account the pandemic's broad consequences, which included healthcare logistical



challenges, and medical personnel fatigue; (iii) accordingly, Butterfly's gross margin levels and revenue projections were less sustainable than the Company had represented; (iv) all the foregoing was reasonably likely to have a material negative impact on Butterfly's business and financial condition; and (v) as a result, the Company's public statements were materially false and misleading at all relevant times.

34. Furthermore, with respect to the Proxy, Item 303 of SEC Regulation S-K, 17 C.F.R. § 229.303(b)(2)(ii) ("Item 303") required Defendants to "[d]escribe any known trends or uncertainties that have had or that are reasonably likely to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations." Similarly, Item 105 of SEC Regulation S-K, 17 C.F.R. § 229.105 ("Item 105"), required, in the "Risk Factors" section of registration statements and prospectuses, "a discussion of the material factors that make an investment in the registrant or offering speculative or risky" and required each risk factor to "adequately describe[] the risk." The failure of the Proxy to disclose the fact that Butterfly gross margin levels and revenue projections were unsustainable violated Item 303 because these undisclosed facts were known to Defendants and would (and did) have an unfavorable impact on the Company's sales, revenues, and income from continuing operations. These failures also violated Item 105 because these adverse facts created significant risks that were not disclosed even though they



were some of the most significant factors that made an investment in Butterfly securities speculative or risky.

**Materially False and Misleading Statements and Omissions Issued During the Class Period**

35. The Class Period begins on February 16, 2021, when Butterfly's securities began publicly trading on the NYSE pursuant to the materially false or misleading statements or omissions contained in the Proxy. That same day, Butterfly issued a press release announcing the closing of the Merger and that Butterfly would begin trading on the NYSE. The press release stated, in relevant part:

Today, Butterfly also announced that unaudited 2020 full-year revenues are at least \$45 million, representing a full-year growth rate of at least 63% compared to the full year 2019, each ahead of the prior forecast. Butterfly plans to disclose its fourth quarter and full-year 2020 financial results in March, followed by a live conference call and webcast to discuss the results and business plans.

"2020 was a milestone year for Butterfly as we made significant progress towards fulfilling our mission to deliver innovative ultrasound technology that is easy to use, integrates into clinical decision-making workflow, and ultimately lowers the cost of care," said Dr. Jonathan Rothberg, founder of Butterfly and Chairman of the Board of Directors of the combined company. "Today marks yet another significant moment for the Company that will enable us to expand and accelerate our collective vision."

"I am incredibly excited to join this talented organization that has the potential to make a profound impact on global health care," stated Dr. Todd Fruchterman, President and Chief Executive Officer of Butterfly Network, Inc. "Butterfly allows people to think differently about the value of ultrasound as a critical and integrated part of the full patient journey. By making ultrasound more accessible and deployable across a variety of care settings, we have the opportunity to expand the use

cases of ultrasound and impact disease interception, helping clinicians make more informed decisions to take action earlier. As we further develop our roadmap, we plan to partner with our customers to expand into novel market applications including chronic disease management, which impacts more than 100 million patients in the United States alone.”

36. On March 29, 2021, Butterfly issued a press release announcing the Company’s Q1 2020 results. The press release stated, in relevant part:

“In 2020, Butterfly grew revenues by 68% to \$46.3 million as probe sales continued to increase, driven by the further adoption of our technology by healthcare providers,” said Dr. Todd Fruchterman, Butterfly Network’s President and Chief Executive Officer. “In the fourth quarter, we introduced the next-generation Butterfly probe, the iQ+, and more upgrades to our proprietary, patented technology platform. We are excited to see the demand for our comprehensive solution, which helps healthcare providers intercept disease and treat conditions earlier, and we expect will ultimately reduce the total cost of care while improving patient outcomes.”

“The completion of our business combination with Longview Acquisition Corp. in February 2021 solidifies the company’s financial foundation for the next stage of its growth,” said Stephanie Fielding, Butterfly Network Chief Financial Officer.

### **Full Year 2020 Financial Results**

Total revenues for the full year 2020 were \$46.3 million, a 68% increase year-over-year from \$27.6 million in 2019. Product revenues for the full year 2020 were \$38.4 million, an increase of 53% from \$25.1 million in 2019, and Subscription revenues were \$7.9 million in 2020, growing 216% from \$2.5 million in 2019. These increases were primarily due to a higher volume of products sold from a ramping up of commercial efforts and the introduction of Butterfly iQ+, the next generation hardware in October 2020.

Total gross loss for 2020 was (\$61.2) million, compared to 2019 gross loss of (\$20.9) million. Total gross margin for the full year of 2020 was

(132.4%), compared to (75.8%) in 2019. Cost of revenue in 2020 was significantly impacted by non-recurring charges totaling \$62.7 million.

37. That same day, Butterfly filed an Annual Report on Form 10-K with the SEC, reporting the Company's financial and operating results for the year ended December 31, 2020 (the "2020 10-K"). The 2020 10-K included substantively similar descriptions of the Company and its performance as referenced, *supra*, in ¶¶ 29-32.

38. Appended to the 2020 10-K as an exhibit was a signed certification pursuant to the Sarbanes-Oxley Act of 2002 ("SOX") by Defendants Fruchterman and Fielding, attesting that, "the information contained in the [2020 10-K] fairly presents, in all material respects, the financial condition and results of operations of the Company."

39. Also that same day, Butterfly hosted an earnings call with investors and analysts to discuss the Company's Q4 2020 results (the "Q4 2020 Earnings Call"). During the scripted portion of the Q4 2020 Earnings Call, Defendant Fruchterman stated, in relevant part:

Now let's review our 2020 performance. Last year, we made great progress in getting Butterfly into the hands of many different types of healthcare professionals, bringing our technology to new users and introducing new applications, important steps towards the achievement of our mission. And we are excited because as we listened to our customers, we are seeing many new use cases and opportunities emerge, guiding us as we work to rapidly develop new applications for our technology. And as a result of our team's great, we reported a

revenue increase of 68% year over year, demonstrating the excitement and demand for Butterfly technology in the marketplace.

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And as you are aware last month we completed our business combination with Longview Acquisition Corp, so now Butterfly Network Inc - Class A common stock and warrants trade on the New York Stock Exchange. This has enabled Butterfly to become a larger well-capitalized company that is primed for global growth and supports our robust investment in innovation.

40. Also during the scripted portion of the Q4 2020 Earnings Call,

Defendant Fielding stated, in relevant part:

Total revenue for the full year 2020 was \$46.3 million, which is Todd noted earlier, is a 68% year-over-year increase from \$27.6 million in 2019. Product revenues for the full year 2020 were \$38.3 million, an increase of 53% from \$25.1 million in 2019. Units fulfilled, which is the primary driver of product revenue were 20,208 in 2020 compared with 12,941 in 2019, which is an increase of 56%, reflecting continued excitement and demand in the market international expansion and a positive reception for our new probe the iQ+, which was introduced in October, 2020

Subscription revenues were \$7.9 million in 2020, growing 216% from \$2.5 million in 2019. Our subscription mix, which we define as the percentage of our total revenue recognized in a reporting period that is subscription-based was 17.1% in 2020 compared with 9.1% in 2019, an eight percentage point increase. Subscription revenues increased with device sales, as well as with renewals on prior year sales.

41. On May 13, 2021, Butterfly issued a press release announcing the Company's Q1 2021 financial results. The press release stated, in relevant part:

"This year is off to a great start with healthy growth and increased customer excitement about the insights delivered by Butterfly's unique technology and our potential to advance medical imaging beyond

current use cases,” said Dr. Todd Fruchterman, Butterfly’s President and Chief Executive Officer. “During the quarter we made excellent progress expanding our commercial and organizational capabilities, driving partnerships that expand our reach across different care settings and specialties, as well as creating a dedicated team to transform veterinary medicine.” Fruchterman added, “I am excited by the breadth of opportunities in front of us to democratize imaging, drive fundamental change in healthcare across care settings, and advance global health equity.”

### **First Quarter 2021 Financial Results**

First quarter revenue increased 43.5% to \$12.4 million from \$8.7 million in the first quarter of 2020. Product revenue increased 33.1% to \$9.6 million from \$7.2 million in the first quarter of 2020. Subscription revenue increased 94.9% to \$2.8 million from \$1.5 million in the first quarter of 2020.

Gross profit for the first quarter of 2021 was \$6.4 million, compared to a gross profit of negative \$0.8 million in the first quarter of 2020. Adjusted gross profit, which includes a one-time adjustment for warranty accrual methodology, was \$5.9 million.

Total gross margin for the quarter was 51.6%, compared to a negative 9.6% in the first quarter of 2020. Adjusted gross margin was 47.8%, compared to a negative 9.4% in the first quarter of 2020.

42. That same day, Butterfly hosted an earnings call with investors and analysts to discuss the Company’s Q1 2021 results (the “Q1 2021 Earnings Call”). During the scripted portion of the Q1 2021 Earnings Call, Defendant Fruchterman stated, in relevant part:

Now, I’d like to review our Q1 2021 performance and give an update on our progress toward the near term foundational goals laid out in our last earnings call reflecting a solid start to 2021, we reported a revenue increase of 44% compared to the first quarter last year. We believe this demonstrates the excitement and demand for Butterfly technology in

the marketplace. We continue to make strong progress in the first quarter towards putting Butterfly into the hands of users across different disciplines in healthcare. As our customer base expands, and the demand for our product grows, we expect a further broadening in the range of use cases and care settings where our solution can bring value. You have my commitment to provide more insight on commercialization and our anticipated milestones, as soon as it's appropriate to do so with a target of doing so by the end of the year.

43. Also during the scripted portion of the Q1 2021 Earnings Call,

Defendant Fielding stated, in relevant part:

Notably, our gross margin has turned positive over the course of the past two quarters and now outpaces the forecast we shared in November. Total revenue for the first quarter of 2021 was \$12.4 million, which is a 44% increase year-over-year from \$8.7 million in the first quarter of 2020. Product revenue for the quarter was \$9.6 million, an increase of 33% from \$7.2 million in the same period in 2020. Units fulfilled the main driver of product revenue were 5,013 in the quarter, compared with 3,711 in Q1 2020, an increase of 35%, reflecting the early steps in the expansion of our customer base within hospitals and larger institutions.

Subscription revenue was approximately \$2.9 million in the first quarter, growing approximately 93% from approximately \$1.5 million in Q1 2020. Our subscription mix, which we define as a percentage of our total revenue, recognized in reporting periods that is subscription based was 23% compared with 17% in the first quarter of 2020, up six percentage point increase. Subscription revenues increased along with device sales, as well as with renewals on year-on-year sales. Due to the timing of revenue recognition, and mix of revenue, we currently expect quarter-to-quarter variability for subscription revenue. But over time, we expect that recurring revenues such as subscription mix will continue to grow.

Turning to cost of revenue, the cost of revenue for Q1 2021 was \$6 million, a decrease of approximately 37% from \$9.5 million in the first quarter of 2020. Cost of product revenues was \$5.6 million for Q1 2021, a 39% decrease from \$9.3 million in the same period in 2020. And the

cost of subscription revenue was \$379,000 increasing 55% from \$244,000 year-over-year. In line with our expectations, our gross margins turned positive over the course of the past two quarters and in Q1 gross margin was 51.6% while adjusted gross margin was 47.8%. Gross profit was \$6.4 million for Q1 2021 compared to Q1 2020 gross profit of negative \$836,000. Adjusted gross profit which includes a one time adjustment for warranty accrual methodology was \$5.9 million. Adjusted gross margin and adjusted gross profit reconciliation calculations to GAAP net loss can be found in today's press release and at the end of the slide presentation.

Consistent with our intent to use the proceeds of the Longview merger, to invest aggressively in long-term capabilities, operating expenses were \$60.2 million for Q1 2021, an increase of \$36.5 million, or 154%, compared to Q1 2020. The increase was primarily due to headcount growth and changes on a year-on-year basis. Expenses associated with stock-based compensation and costs associated with going public. Loss from operations was \$53.7 million, an increase from \$24.5 million in Q1 of 2020, primarily driven by higher operating expenses, offset by the increase in gross margin.

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And finally, on to guidance, as Todd discussed earlier, now that he has been on Board for three months, and has had a chance to evaluate the business, we want to provide an update on our 2021 financial plan. We also expect to provide more transparency on our operating plans, which will inform our expectations for 2022 in the second half of this year. For the full year 2021, total revenue is projected to be approximately \$76 million to \$80 million, or 64% to 73% growth year-over-year. Gross margin is expected to be 43% to 47%. And net loss is expected to be \$135 million to \$155 million. Adjusted gross margin is expected to be 42% to 46%. And adjusted EBITDA is expected to be negative \$140 million to negative \$160 million.

Our revenue guidance reflects the anticipated acceleration of our investment in enterprise sales, where we believe there are attractive opportunities to implement the Butterfly solution. This has the potential to offer institutions the benefits of access to clinical information earlier to make more informed decisions, allowing for improvements across



the care continuum, device management and governance solutions, along with integrated workflow. Finally, we plan to continue to build upon the touch points we have with customers, including direct-to-user, which we previously referred to as ecommerce, the iQ Vet offering and the partnership arrangements like the one we just described with Sientra. We expect revenue growth to accelerate in the second half of the year, and we expect the investments we are making to yield both near and long-term results. Our guidance for gross margin and adjusted gross margin is influenced primarily by our expected revenue mix. The net loss and adjusted EBITDA guidance reflects the investments we plan to make in the business. We have opportunities to drive growth through people and infrastructure; specifically we plan to invest in software solution enhancements designed to assist with customer workflows and AI to support insight and clinical decision making. The breadth of ranges reflects the uncertainty around the timing of our investments as we evolve our strategy and innovation roadmap.

44. On May 17, 2021, Butterfly filed a Quarterly Report on Form 10-Q with the SEC, reporting the Company's financial and operating results for the quarter ended March 31, 2021 (the "Q1 2021 10-Q"). The Q1 2021 10-Q stated, in relevant part:

Total revenue increased by \$3.8 million, or 43.5%, for the three months ended March 31, 2021 compared to the three months ended March 31, 2020.

Product revenue increased by \$2.4 million, or 33.1%, for the three months ended March 31, 2021 compared to the three months ended March 31, 2020. The increase in product revenue was primarily driven by a higher volume of Butterfly iQ+ probes sold, as a result of our increased investment in our sales and marketing efforts.

Subscription revenue increased by \$1.4 million, or 94.9%, for the three months ended March 31, 2021 compared to the three months ended March 31, 2020. The increase was driven by an increased volume of our SaaS subscriptions sold in conjunction with sales of our devices as well as the increase from subscription renewals year over year.



45. Appended to the Q1 2021 10-Q as an exhibit was a signed certification pursuant to SOX by Defendants Fruchterman and Fielding, attesting that, “the information contained in the [Q1 2021 10-Q] fairly presents, in all material respects, the financial condition and results of operations of the Company.”

46. On August 9, 2021, Butterfly issued a press release announcing the Company’s Q2 2021 financial results. The press release stated, in relevant part:

“As we continue our journey as a public company, we achieved another quarter of strong revenue growth, while driving progress against our foundational goals.” said Dr. Todd Fruchterman, Butterfly’s President and Chief Executive Officer. “Our commercial expansion in the US and international markets reflects broad interest in Butterfly across a variety of use-cases and settings. Building for long-term growth, we also made leadership appointments adding expertise in innovation and IT infrastructure.” said Dr. Todd Fruchterman. “Butterfly makes it possible to democratize imaging. With Butterfly, information is more accessible, reliable, and usable for providers and patients, enabling more informed decision making at the point of care.”

### **Second Quarter 2021 Financial Results**

Second quarter revenue increased 40.0% to \$16.5 million from \$11.8 million in the second quarter of 2020. Product revenue increased 30.3% to \$13.0 million from \$10.0 million in the second quarter of 2020. Subscription revenue increased 94.3% to \$3.5 million from \$1.8 million in the second quarter of 2020.

Gross profit for the second quarter of 2021 was \$8.2 million, compared to a gross profit of \$0.2 million in the second quarter of 2020. Adjusted gross profit was \$8.3 million, compared to an adjusted gross profit of \$0.2 million in the second quarter of 2020.

Total gross margin for the quarter was 49.8%, compared to 1.4% in the second quarter of 2020. Adjusted gross margin was 50.2%, compared to a 1.6% in the second quarter of 2020.

47. That same day, Butterfly filed a Quarterly Report on Form 10-Q with the SEC, reporting the Company's financial and operating results for the quarter ended June 30, 2021 (the "Q2 2021 10-Q"). The Q2 2021 10-Q stated, in relevant part:

Total revenue increased by \$4.7 million, or 40.0%, for the three months ended June 30, 2021 compared to the three months ended June 30, 2020.

Product revenue increased by \$3.0 million, or 30.3%, for the three months ended June 30, 2021 compared to the three months ended June 30, 2020. The increase in product revenue was primarily driven by a higher volume of Butterfly iQ+ probes sold, as a result of our increased investment in our sales and marketing efforts domestically and internationally. For the three months ended June 30, 2020, revenue was positively impacted by COVID-19, as the Butterfly iQ was utilized in the monitoring of acute symptoms of COVID-19. We are unable to measure precisely the positive impact of COVID-19 on our revenue for the three months ended June 30, 2020.

Subscription revenue increased by \$1.7 million, or 94.3%, for the three months ended June 30, 2021 compared to the three months ended June 30, 2020. The increase was driven by an increased volume of our SaaS subscriptions sold in conjunction with sales of our devices as well as the increase from subscription renewals year over year.

48. Appended to the Q2 2021 10-Q as an exhibit was a signed certification pursuant to SOX by Defendants Fruchterman and Fielding, attesting that, "the information contained in the [Q2 2021 10-Q] fairly presents, in all material respects, the financial condition and results of operations of the Company."

49. Also that same day, Butterfly hosted an earnings call with investors and analysts to discuss the Company's Q2 2021 results (the "Q2 2021 Earnings Call").

During the scripted portion of the Q2 2021 Earnings Call, Defendant Fruchterman stated, in relevant part, “[o]ur performance in the second quarter was solid on many fronts. We continue to see strong revenue growth with total revenue for the quarter of \$16.5 million, which is a 40% increase year-over-year.”

50. Also during the scripted portion of the Q2 2021 Earnings Call, Defendant Fielding stated, in relevant part:

As Todd stated, Q2 was a solid quarter with top line, year-over-year growth of 40%, and gross margin and adjusted gross margin of approximately 50%. Now, I would like to go into more detail on our second-quarter performance.

Total revenue for the second quarter of 2021 was \$16.5 million, which is a 40% increase year-over-year from \$11.8 million in the second quarter of 2020. Product revenue for the quarter was \$13 million. An increase of 30% from \$10 million in the same period in 2020. Units fulfilled, the main driver of product revenue were 6,485 in the quarter, compared with 4,997 in Q2 2020, an increase of 30% reflecting a strong Q2 performance from a broad array of customers.

We saw revenue generated by our sales team, direct-to-user channel, international growth led by the Chindex distributor partnership, and new business areas like that. We are particularly proud of the solid year-over-year growth in product revenue, given a tougher comparable in Q2 2020.

Last year, we saw sales accelerate for COVID -related use cases during the second quarter. Subscription revenue was \$3.5 million in the second quarter, growing approximately 94% from \$1.8 million in Q2 2020. Our subscription mix, which we define as the percentage of total revenue recognized in a reporting period that is subscription-based, was 21% compared with 15% in the second quarter of 2020, a 6% point increase.

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And the cost of subscription revenue was \$435,000, increasing 80% from \$242,000 year-over-year. In line with our expectations, our gross margins turned positive over the course of the past 3 quarters. And in Q2, gross margin was 49.8% while adjusted gross margin was 50.2%.

51. The statements referenced in ¶¶ 35-50 were materially false and misleading because Defendants made false and/or misleading statements, as well as failed to disclose material adverse facts about the Company's business, operations, and prospects. Specifically, Defendants made false and/or misleading statements and/or failed to disclose that: (i) Butterfly had overstated its post-Merger business and financial prospects; (ii) notwithstanding the ongoing COVID-19 pandemic, Butterfly's financial projections failed to take into account the pandemic's broad consequences, which included healthcare logistical challenges, and medical personnel fatigue; (iii) accordingly, Butterfly's gross margin levels and revenue projections were less sustainable than the Company had represented; (iv) all the foregoing was reasonably likely to have a material negative impact on Butterfly's business and financial condition; and (v) as a result, the Company's public statements were materially false and misleading at all relevant times.

### **The Truth Emerges**

52. On November 15, 2021, Butterfly announced its financial results for the third quarter of 2021. In a press release, Butterfly advised, in relevant part:

### **Third Quarter 2021 Financial Results**

Third quarter revenue increased 44.3% to \$14.6 million from \$10.1 million in the third quarter of 2020. Product revenue increased 25.8% to \$10.8 million from \$8.6 million in the third quarter of 2020. Subscription revenue increased 149.2% to \$3.8 million from \$1.5 million in the third quarter of 2020.

Gross profit for the third quarter of 2021 was negative \$5.1 million, compared to gross profit of a negative \$69.3 million in the third quarter of 2020. Adjusted gross profit was \$7.2 million for the third quarter of 2021, compared to an adjusted gross profit of negative \$2.7 million in the third quarter of 2020.

Total gross margin for the quarter was negative 35%, compared to negative 683.3% in the third quarter of 2020. Adjusted gross margin was 49.3%, compared to a negative 26.3% in the third quarter of 2020. Adjusted gross margin excluded a \$11.6 million non-recurring loss on purchase commitment related to an inventory supply agreement where the expected losses exceed the benefit of the contracts.

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### **2021 Financial Guidance**

- Revenue is expected to be approximately \$60 million to \$62 million, or approximately 30% to 34% growth year-over-year.

53. That same day, Butterfly hosted an earnings call with investors and analysts to discuss the Company's Q3 2021 results (the "Q3 2021 Earnings Call"). During the scripted portion of the Q3 2021 Earnings Call, Defendant Fruchterman stated, in relevant part:

While our revenues for Q3 grew 44% year-over-year, we are falling short of what's necessary to achieve the annual guidance provided by prior management one year ago and reaffirmed by me in May of this year with the information I had, having just joined the Company. For

2021, we now expect full-year revenue growth in the range of 30% to 34%. This represents good progress in our current commercial activities in mounting user enthusiasm about Butterfly, but is offset by healthcare logistical challenges, and doctor, nurse, and medical technician fatigue concurrent with COVID conditions and its broad consequences.

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On a macro level, it is well understood that the healthcare community is suffering from exhaustion and severe human resource constraints resulting from the most recent COVID, Delta wave, as well as overall labor shortages. Butterfly was specifically developed to support these very medical professionals in their ability to diagnose and treat more effectively more rapidly, and more affordably. Amid these unprecedented times, however, we have seen prospects and customers alike have to shift their attention to the pressing issues of the times rather than focusing on deploying new technology or adopting large-scale behavior change.

54. Also during the scripted portion of the Q3 2021 Earnings Call, Defendant Fielding stated, in relevant part:

Growth was driven by increasing traction from our direct sales force performance in our vet business. new distributor relationships in Chile and Pakistan partially offset by direct-to-user sales that abated. On a related note, during the quarter, we increased the price of Butterfly iQ + to \$2,399. We believe we are seeing the end of the individual early adopter curve, and we believe direct-to-user sales slowed this quarter due to a combination of the challenging environment for medical professional time and attention due to COVID surges and labor shortages, and resulting from what we believe is a short-term reaction to our pricing actions in August.

55. On this news, Butterfly's stock price fell \$1.08 per share, or 12.55%, to close at \$7.52 per share on November 15, 2021.

56. Subsequent to, and due to, the closing of the Merger, the price of Butterfly common stock declined precipitously as the truth about Butterfly and the Proxy's false and misleading nature were revealed over time.

57. As a result of Defendants' wrongful acts and omissions, and the precipitous decline in the market value of the Company's securities, Plaintiff and other Class members have suffered significant losses and damages.

### **PLAINTIFF'S CLASS ACTION ALLEGATIONS**

58. Plaintiff brings this action as a class action pursuant to Federal Rules of Civil Procedure 23(a) and (b)(3) on behalf of a Class consisting of all those who purchased or otherwise acquired Butterfly securities during the Class Period, and/or all holders as of the January 15, 2021 record date that were entitled to vote on the Merger at the February 12, 2021 special meeting of shareholders. Excluded from the Class are Defendants and members of their immediate families, the officers and directors of the Company, at all relevant times, and members of their immediate families, the legal representatives, heirs, successors or assigns of any of the foregoing, and any entity in which Defendants have or had a controlling interest.

59. The members of the Class are so numerous that joinder of all members is impracticable. While the exact number of Class members is unknown to Plaintiff at this time and can only be ascertained through appropriate discovery, Plaintiff believes that there are thousands of members in the proposed Class. Record owners

and other members of the Class may be identified from records maintained by Butterfly or its transfer agent and may be notified of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions.

60. Plaintiff's claims are typical of the claims of the members of the Class as all members of the Class are similarly affected by Defendants' wrongful conduct in violation of federal law that is complained of herein.

61. Plaintiff will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class and securities litigation.

62. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

- whether the Exchange Act was violated by Defendants as alleged herein;
- whether statements made during the Class Period and/or in the Proxy misrepresented material facts about the business, operations, and prospects of Butterfly;
- whether the Individual Defendants caused Butterfly to issue false and misleading financial statements during the Class Period;
- whether Defendants acted knowingly or recklessly in issuing false and misleading financial statements;



- whether the prices of Butterfly securities during the Class Period were artificially inflated because of the Defendants' conduct complained of herein; and
- to what extent the members of the Class have sustained damages and the proper measure of damages.

63. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation make it impossible for members of the Class to individually redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

64. Plaintiff will rely, in part, upon the presumption of reliance established by the fraud-on-the-market doctrine in that:

- Defendants made public misrepresentations or failed to disclose material facts during the Class Period;
- the omissions and misrepresentations were material;
- Butterfly securities are traded in an efficient market;
- the Company's shares were liquid and traded with moderate to heavy volume during the Class Period;
- the Company traded on the NYSE and was covered by multiple analysts;
- the misrepresentations and omissions alleged would tend to induce a reasonable investor to misjudge the value of the Company's securities; and

- Plaintiff and members of the Class purchased, acquired and/or sold Butterfly securities between the time the Defendants failed to disclose or misrepresented material facts and the time the true facts were disclosed, without knowledge of the omitted or misrepresented facts.

65. Based upon the foregoing, Plaintiff and the members of the Class are entitled to a presumption of reliance upon the integrity of the market.

66. Alternatively, Plaintiff and the members of the Class are entitled to the presumption of reliance established by the Supreme Court in *Affiliated Ute Citizens of the State of Utah v. United States*, 406 U.S. 128, 92 S. Ct. 2430 (1972), as Defendants omitted material information in their Class Period statements in violation of a duty to disclose such information, as detailed above.

### **COUNT I**

#### **(Violations of Section 10(b) of the Exchange Act and Rule 10b-5 Promulgated Thereunder Against All Defendants)**

67. Plaintiff repeats and re-alleges each and every allegation contained above as if fully set forth herein.

68. This Count is asserted against Defendants and is based upon Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 promulgated thereunder by the SEC.

69. During the Class Period, Defendants engaged in a plan, scheme, conspiracy and course of conduct, pursuant to which they knowingly or recklessly engaged in acts, transactions, practices and courses of business which operated as a

fraud and deceit upon Plaintiff and the other members of the Class; made various untrue statements of material facts and omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and employed devices, schemes and artifices to defraud in connection with the purchase and sale of securities. Such scheme was intended to, and, throughout the Class Period, did: (i) deceive the investing public, including Plaintiff and other Class members, as alleged herein; (ii) artificially inflate and maintain the market price of Butterfly securities; and (iii) cause Plaintiff and other members of the Class to purchase or otherwise acquire Butterfly securities and options at artificially inflated prices. In furtherance of this unlawful scheme, plan and course of conduct, Defendants, and each of them, took the actions set forth herein.

70. Pursuant to the above plan, scheme, conspiracy and course of conduct, each of the Defendants participated directly or indirectly in the preparation and/or issuance of the quarterly and annual reports, SEC filings, press releases and other statements and documents described above, including statements made to securities analysts and the media that were designed to influence the market for Butterfly securities. Such reports, filings, releases and statements were materially false and misleading in that they failed to disclose material adverse information and misrepresented the truth about Butterfly's finances and business prospects.

71. By virtue of their positions at Butterfly, Defendants had actual knowledge of the materially false and misleading statements and material omissions alleged herein and intended thereby to deceive Plaintiff and the other members of the Class, or, in the alternative, Defendants acted with reckless disregard for the truth in that they failed or refused to ascertain and disclose such facts as would reveal the materially false and misleading nature of the statements made, although such facts were readily available to Defendants. Said acts and omissions of Defendants were committed willfully or with reckless disregard for the truth. In addition, each Defendant knew or recklessly disregarded that material facts were being misrepresented or omitted as described above.

72. Information showing that Defendants acted knowingly or with reckless disregard for the truth is peculiarly within Defendants' knowledge and control. As the senior managers and/or directors of Butterfly, the Individual Defendants, had knowledge of the details of Butterfly's internal affairs.

73. The Individual Defendants are liable both directly and indirectly for the wrongs complained of herein. Because of their positions of control and authority, the Individual Defendants were able to and did, directly or indirectly, control the content of the statements of Butterfly. As officers and/or directors of a publicly-held company, the Individual Defendants had a duty to disseminate timely, accurate, and truthful information with respect to Butterfly's businesses, operations, future

financial condition and future prospects. As a result of the dissemination of the aforementioned false and misleading reports, releases and public statements, the market price of Butterfly securities was artificially inflated throughout the Class Period. In ignorance of the adverse facts concerning Butterfly's business and financial condition which were concealed by Defendants, Plaintiff and the other members of the Class purchased or otherwise acquired Butterfly securities at artificially inflated prices and relied upon the price of the securities, the integrity of the market for the securities and/or upon statements disseminated by Defendants, and were damaged thereby.

74. During the Class Period, Butterfly securities were traded on an active and efficient market. Plaintiff and the other members of the Class, relying on the materially false and misleading statements described herein, which the Defendants made, issued or caused to be disseminated, or relying upon the integrity of the market, purchased or otherwise acquired shares of Butterfly securities at prices artificially inflated by Defendants' wrongful conduct. Had Plaintiff and the other members of the Class known the truth, they would not have purchased or otherwise acquired said securities, or would not have purchased or otherwise acquired them at the inflated prices that were paid. At the time of the purchases and/or acquisitions by Plaintiff and the Class, the true value of Butterfly securities was substantially lower than the prices paid by Plaintiff and the other members of the Class. The

market price of Butterfly securities declined sharply upon public disclosure of the facts alleged herein to the injury of Plaintiff and Class members.

75. By reason of the conduct alleged herein, Defendants knowingly or recklessly, directly or indirectly, have violated Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder.

76. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and the other members of the Class suffered damages in connection with their respective purchases, acquisitions and sales of the Company's securities during the Class Period, upon the disclosure that the Company had been disseminating misrepresented financial statements to the investing public.

## **COUNT II**

### **(Violations of Section 14(a) of the Exchange Act and Rule 14a-9 Promulgated Thereunder Against All Defendants)**

77. Plaintiff incorporates by reference and realleges each and every allegation contained above as though fully set forth herein, except any allegation of fraud, recklessness, or intentional misconduct.

78. This Count does not sound in fraud. Plaintiff does not allege that Defendants had scienter or fraudulent intent with respect to this Count as they are not elements of a Section 14(a) claim.

79. SEC Rule 14a-9, 17 C.F.R. § 240.14a-9, promulgated pursuant to Section 14(a) of the Exchange Act, provides:

No solicitation subject to this regulation shall be made by means of any proxy statement, form of proxy, notice of meeting or other communication, written or oral, containing any statement which, at the time and in the light of the circumstances under which it is made, is false or misleading with respect to any material fact, or which omits to state any material fact necessary in order to make the statements therein not false or misleading or necessary to correct any statement in any earlier communication with respect to the solicitation of a proxy for the same meeting or subject matter which has become false or misleading.

80. Defendants prepared and disseminated the false and misleading Proxy specified above, which failed to disclose material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading in violation of Section 14(a) of the Exchange Act and Rule 14a-9 promulgated thereunder.

81. By virtue of their positions within Longview and Butterfly and their due diligence regarding the Merger, Defendants were aware of this information and of their duty to disclose this information in the Proxy. The Proxy was prepared, reviewed, and/or disseminated by the Defendants named herein. The Proxy misrepresented and/or omitted material facts, as detailed above. Defendants were at least negligent in filing the Proxy with these materially false and misleading statements.

82. As stated herein, the Proxy contained untrue statements of material fact and omitted to state material facts necessary to make the statements made not misleading in violation of Section 14(a) of the Exchange Act and SEC Rule 14a-9

promulgated thereunder. The Proxy was an essential link in the consummation of the Merger. The Defendants also failed to correct the Proxy prior to the Merger and the failure to update and correct false statements is also a violation of Section 14(a) of the Exchange Act and SEC Rule 14a-9 promulgated thereunder.

83. As a direct result of the Defendants' negligent preparation, review and dissemination of the false and/or misleading Proxy, Plaintiff and the Class were precluded from exercising their right to seek redemption of their Longview shares prior to the Merger on a fully informed basis and were induced to vote their shares and accept inadequate consideration in connection with the Merger. The false and misleading Proxy used to obtain shareholder approval of the Merger deprived Plaintiff and the Class of their right to a fully informed shareholder vote in connection therewith and the full and fair value for their Longview shares. At all times relevant to the dissemination of the materially false and/or misleading Proxy, Defendants were aware of and/or had access to the true facts concerning the true value of Butterfly, which was far below the operational assets that shareholders received. Thus, as a direct and proximate result of the dissemination of the false and misleading Proxy that Defendants used to obtain shareholder approval of and thereby consummate the Merger, Plaintiff and the Class have suffered damages and actual economic losses in an amount to be determined at trial.



84. The omissions and false and misleading statements in the Proxy were material in that a reasonable stockholder would have considered them important in deciding how to vote on the Merger. In addition, a reasonable investor would view a full and accurate disclosure as significantly altering the “total mix” of information made available in the Proxy and in other information reasonably available to stockholders.

85. By reason of the foregoing, Defendants have violated Section 14(a) of the Exchange Act and Rule 14a-9(a) promulgated thereunder.

### **COUNT III**

#### **(Violations of Section 20(a) of the Exchange Act Against the Individual Defendants)**

86. Plaintiff repeats and realleges each and every allegation above as if fully set forth herein.

87. Section 20(a) of the Exchange Act imposes liability on “[e]very person who, directly or indirectly, controls any person liable under any provision of” the Exchange Act or any of the rules promulgated thereunder. Such “controlling persons” are “liable jointly and severally with and to the same extent as such controlled person to any person to whom such controlled person is liable . . . , unless the controlling person acted in good faith and did not directly or indirectly induce the act or acts constituting the violation or cause of action.”

88. By reason of the allegations herein, the Individual Defendants violated Sections 10(b) and 14(a) of the Exchange Act by issuing and publishing the Proxy and materially false and misleading statements during the Class Period, which contained untrue statements of material fact concerning the Merger and omitted to state material facts concerning the Merger necessary in order to make the statements made in the Proxy not misleading.

89. Moreover, the Individual Defendants, by virtue of their high-level positions as officers and/or directors of Longview and/or Butterfly, as detailed herein, participated in the operation and management of Longview and/or Butterfly, and conducted and participated, directly and indirectly, in the conduct of the business affairs of Longview and/or Butterfly, and therefore exercised general control over the operations of Longview and/or Butterfly. The Individual Defendants had the power to influence and control and did influence and control, directly or indirectly, the decision-making of Longview and/or Butterfly, including the identification of target companies to be acquired by Longview, the evaluation of Butterfly, and the content and dissemination of the Proxy, which Plaintiff contends was false and misleading.

90. The Defendants named herein, by virtue of their positions as owners, officers and/or directors of Longview and/or Butterfly, had the power or ability to control the issuance, publication and contents of the Proxy. These Defendants were

each involved in negotiating, reviewing, and approving the Merger. The Proxy purports to describe the various issues and information that the Defendants named herein reviewed and considered concerning the Merger. The Defendants named herein had the ability to prevent the issuance of materially false and misleading statements concerning Butterfly during the Class Period and the materially misleading Proxy or to cause the Proxy or those Class Period statements to be corrected so that they were not in violation of Sections 10(b) and 14(a) of the Exchange Act.

91. By virtue of the foregoing, the Individual Defendants violated Section 20(a) of the Exchange Act, and Plaintiff is entitled to relief.

**PRAYER FOR RELIEF**

**WHEREFORE**, Plaintiff prays for relief and judgment, as follows:

A. Designating Plaintiff as Lead Plaintiff and declaring this action to be a class action properly maintained pursuant to Rule 23 of the Federal Rules of Civil Procedure and Plaintiff's counsel as Lead Counsel;

B. Declaring that the Proxy distributed by Defendants to shareholders was materially false and misleading, in violation of Rule 14a-9 and Section 14(a) of the Exchange Act;

C. Awarding Plaintiff and other members of the Class damages together with interest thereon;

D. Awarding Plaintiff and other members of the Class their costs and expenses of this litigation, including reasonable attorneys' fees, expert fees, and other costs and disbursements; and

E. Awarding Plaintiff and other members of the Class such other and further relief as the Court deems just and proper under the circumstances.

**DEMAND FOR TRIAL BY JURY**

Plaintiff hereby demands a trial by jury.

Dated: February 16, 2022

Respectfully submitted,

**POMERANTZ LLP**

/s/ Thomas H. Przybylowski

Thomas H. Przybylowski

Jeremy A. Lieberman

(*pro hac vice* application  
forthcoming)

J. Alexander Hood II

(*pro hac vice* application  
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*Attorneys for Plaintiff*

Wednesday, January 26, 2022

## Butterfly Network, Inc. (BFLY)

### CERTIFICATION PURSUANT TO FEDERAL SECURITIES LAWS

1. I make this declaration pursuant to Section 27(a)(2) of the Securities Act of 1933 ("Securities Act") and/or Section 21D(a)(2) of the Securities Exchange Act of 1934 ("Exchange Act") as amended by the Private Securities Litigation Reform Act of 1995.
2. I have reviewed a Complaint against Butterfly Network, Inc. ("Butterfly" or the "Company") and authorize the filing of a comparable complaint on my behalf.
3. I did not purchase or acquire Butterfly securities at the direction of plaintiffs' counsel or in order to participate in any private action arising under the Securities Act or Exchange Act.
4. I am willing to serve as a representative party on behalf of a Class of investors who purchased or otherwise acquired Butterfly securities during the class period, including providing testimony at deposition and trial, if necessary. I understand that the Court has the authority to select the most adequate lead plaintiff in this action.
5. The attached sheet lists all of my transactions in Butterfly securities during the Class Period as specified in the Complaint.
6. During the three-year period preceding the date on which this Certification is signed, I have not served or sought to serve as a representative party on behalf of a class under the federal securities laws.
7. I agree not to accept any payment for serving as a representative party on behalf of the class as set forth in the Complaint, beyond my pro rata share of any recovery, except such reasonable costs and expenses directly relating to the representation of the class as ordered or approved by the Court.
8. I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

**Name**

**Print Name**

Craig Rose

(redacted)



(redacted)



**Signature**



(redacted)



**Butterfly Network, Inc. (BFLY)**

**Rose, Craig**

**List of Purchases and Sales**

<b>Transaction Type</b>	<b>Date</b>	<b>Number of Shares/Unit</b>	<b>Price Per Share/Unit</b>
Purchase	2/19/2021	800	\$27.6100
Purchase	4/1/2021	200	\$16.7800